

- (ii) Funds and administrative management;
- (iii) Development and improvement of academic programs;
- (iv) Acquisition of equipment for use in strengthening management and academic programs;

- (v) Joint use of facilities; and
- (vi) Student services. (one point)

(c) As used in this section, an endowment fund does not include any fund established or supported under 34 CFR part 628.

(d) Each year, the Secretary provides prospective applicants with the average expenditure of endowment funds and library materials per full-time equivalent student.

(e) The Secretary gives priority to applications from HSIs that contain satisfactory evidence that the HSI has entered into or will enter into a collaborative arrangement with at least one local educational agency to provide that agency with assistance (from funds other than funds provided under Title III Part A of the HEA) in—

- (1) Reducing the dropout rates of Hispanic students;
- (2) Improving rates of academic achievement of Hispanic students; and
- (3) Increasing the rates at which Hispanic high school graduates enroll in higher education.

(Authority: 20 U.S.C. 1057 *et seq.*)

[52 FR 30529, Aug. 14, 1987, as amended at 59 FR 41925, Aug. 15, 1994; 60 FR 15447, Mar. 23, 1995]

**§ 607.24 How does the Secretary use an applicant's performance under a previous development grant when awarding a development grant?**

(a)(1) In addition to evaluating an application under the selection criteria in § 607.22, the Secretary evaluates an applicant's performance under any previous development grant awarded under Strengthening Institutions and Special Needs Programs that expired within five years of the year when the development grant will begin.

(2) The Secretary evaluates whether the applicant fulfilled, or is making substantial progress toward fulfilling, the goals and objectives of the previous grant, including, but not limited to, the applicant's success in institutional-

izing practices developed and improvements made under the grant.

(3) The Secretary bases the evaluation of the applicant's performance on information contained in—

- (i) Performance and evaluation reports submitted by the applicant;
- (ii) Audit reports submitted on behalf of the applicant; and
- (iii) Other information obtained by the Secretary, including reports prepared by the Department.

(b) If the Secretary initially determines that the applicant did not fulfill the goals and objectives of a previous grant or is not making substantial progress towards fulfilling those goals and objectives, the Secretary affords the applicant the opportunity to respond to that initial determination.

(c) If the Secretary determines that the applicant did not fulfill the goals and objectives of a previous grant or is not making substantial progress towards fulfilling those goals and objectives, the Secretary may—

- (1) Decide not to fund the applicant; or
- (2) Fund the applicant but impose special grant terms and conditions, such as specific reporting and monitoring requirements.

(Authority: 20 U.S.C. 1066)

[59 FR 41925, Aug. 15, 1994]

**§ 607.25 What priority does the Secretary use in awarding cooperative arrangement grants?**

Among applications for cooperative arrangement grants, the Secretary gives priority to proposed cooperative arrangements that are geographically and economically sound, or will benefit the institutions applying for the grant.

(Authority: 20 U.S.C. 1057, 1069)

[59 FR 41925, Aug. 15, 1994]

**Subpart D—What Conditions Must a Grantee Meet?**

**§ 607.30 What are allowable costs and what are the limitations on allowable costs?**

(a) *Allowable costs.* Except as provided in paragraphs (b) and (c) of this section, a grantee may expend grant funds